

Message Text

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ORIGIN SS-25

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DRAFTED BY NEA/INS:DKUX:EI

APPROVED BY NEA:SSOBER

SCI - MR. BLOOM (SUBS)

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S/S-O: GTWONIE

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FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW IMMEDIATE

INFO AMEMBASSY NEW DELHI IMMEDIATE

S E C R E T STATE 236358

EXDIS TOSEC 198

E.O. 11652: GDS

TAGS: TECH, PFOR, IN

SUBJECT: NUCLEAR EXPORTS TO INDIA

REF: SECTO 73

FOR ATHERTON FROM SOBER

1. I UNDERSTAND YOUR CONFUSION AND WILL TRY TO CLARIFY.
2. SITUATION REGARDING UNION CARBIDE CORRECTLY REPORTED
STATE 234054 AS FOLLOWS: UNION CARBIDE DISCUSSED PROPOSAL
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WITH AEC IN SEPTEMBER, BUT HAS NOT YET SUBMITTED FORMAL
APPLICATION WHICH IS REQUIRED IN THIS TYPE CASE. REPORT
IN STATE 222893 TO EFFECT UNION CARBIDE HAD SUBMITTED
"APPLICATIONS" TO EXPORT WAS IN ERROR; FIRM HAD MADE INQUIRY
IN SEPTEMBER BUT DID NOT FILE FORMAL APPLICATION.

3. AEC DOES NOT KNOW WHETHER UNION CARBIDE INTENDS TO PUR-
SUE MATTER. I HAVE TALKED TO FRIEDMAN WHO CAUTIONS THAT
IF APPLICATION SUBMITTED, IT UNCERTAIN HOW COMMISSIONERS
WOULD DECIDE CASE. SIMILAR REQUEST WAS APPROVED IN 1970
AND DISTILLATION TRAY AVAILABLE ELSEWHERE AS WELL AS IN

INDIA. HOWEVER, FACT OF INDIAN TEST CREATES NEW SITUATION. ACCORDING FRIEDMAN, WHILE AEC RULES REQUIRE DECISION BE PUT

TO COMMISSIONERS, THEY WOULD TAKE CAREFULLY INTO ACCOUNT ANY STATEMENT OF FOREIGN POLICY ASPECTS THAT DEPARTMENT MIGHT SUBMIT. BUT PRINCIPAL CRITERION WOULD BE WHETHER SUPPLY OF TRAY WOULD CONTRIBUTE TO INDIA'S NUCLEAR EXPLOSIVE CAPABILITY. FRIEDMAN SAYS HE NOT IN POSITION TO PREDICT COMMISSIONERS' DECISION SHOULD THEY HAVE TO MAKE ONE. (IN ANY DISCUSSION OF UNION CARBIDE QUESTION WITH SETHNA, EMBASSY SHOULD BE CAREFUL NOT TO CONVEY IMPRESSION THAT AEC IS READY TO APPROVE SUCH AN APPLICATION IF ONE SHOULD BE SUBMITTED, WHILE EMPHASIZING WE HAVE NOT TURNED DOWN UNION CARBIDE.)

4. OVERALL US POLICY AND PROCEDURES ON EXPORT OF UNCLASSIFIED NUCLEAR EQUIPMENT MATERIAL AND TECHNOLOGY TO INDIA AS FOLLOWS (NO CLASSIFIED NUCLEAR EQUIPMENT MATERIAL OR TECHNOLOGY CAN BE EXPORTED TO INDIA):

A. EXPORT OF EQUIPMENT OR TECHNOLOGY RELATING TO URANIUM ENRICHMENT, CHEMICAL REPROCESSING AND HEAVY WATER PRODUCTION REQUIRES SPECIFIC DETERMINATION BY ATOMIC ENERGY COMMISSIONERS THAT EXPORT NOT INIMICAL TO US INTERESTS. ONE (BUT NOT ONLY) CRITERION IN COMMISSIONERS' DELIBERATION IN SUCH CASES IS WILLINGNESS OF RECIPIENT TO PLACE FACILITY UNDER IAEA SAFEGUARDS. (EXPORT OF DISTILLATION TRAY FOR HEAVY WATER PRODUCTION COMES UNDER THIS HEADING.)

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B. EXPORT OF NUCLEAR FACILITIES (I.E. REACTORS) AND SPECIAL NUCLEAR MATERIALS (ENRICHED URANIUM, PLUTONIUM, AND U-233) REQUIRE AN AGREEMENT FOR COOPERATION (SUCH AS ONE COVERING TARAPUR) AND LICENSE BY AEC.

C. AEC ALSO LICENSES EXPORT OF SOURCE MATERIAL (NATURAL URANIUM) AND BYPRODUCTS (RADIOISOTOPES) WHILE COMMERCE DEPARTMENT, WITH AEC CONCURRENCE, LICENSES EXPORT OF MULTIPURPOSE EQUIPMENT AND MATERIALS FOR NUCLEAR APPLICATIONS (FOR EXAMPLE, PUMPS AND OTHER SPECIALIZED COMPONENTS).

D. EXPORTS OF UNCLASSIFIED NUCLEAR TECHNOLOGY OTHER THAN SUBJECTS LISTED UNDER A ABOVE DO NOT REQUIRE AEC LICENSE OR APPROVAL.

E. ABOVE PROCEDURES APPLY TO ALL RPT ALL COUNTRIES, NOT JUST TO INDIA.

5. REGARDING QUESTION OF IAEA SAFEGUARDS, AEC REQUIRES

ACCEPTANCE OF THESE ON EXPORTS OF ITEMS CONTAINED ON
"TRIGGER" LIST PREPARED BY NUCLEAR SUPPLIERS COMMITTEE

(SO-CALLED ZANGGER COMMITTEE). HOWEVER, U.S. ALSO REQUIRES
IAEA SAFEGUARDS ON EXPORT OF OTHER ITEMS WE CONSIDER
SIGNIFICANT EVEN THOUGH THEY NOT INCLUDED ON ZANGGER LIST.
FOR EXAMPLE, U.S. IN 1973 REFUSED LICENSE FOR EXPORT TO
INDIA OF REACTOR GRADE ZIRCONIUM (FOR FUEL CLADDING
AND REACTOR PRESSURE TUBES) DESTINED FOR MADRAS REACTORS
WHICH INDIA IS BUILDING WITHOUT IAEA SAFEGUARDS.
ZIRCONIUM NOT ON ZANGGER LIST.

6. OVERALL POLICY GUIDELINES ON NUCLEAR EXPORTS TO INDIA
AND OTHER COUNTRIES ARE BASICALLY SIMILAR, NAMELY THAT
AEC WILL APPROVE EXPORT OF SIGNIFICANT ITEMS ONLY FOR
SAFEGUARDED FACILITIES. IN REVIEWING APPLICATIONS AEC
TAKES INTO CONSIDERATION, INTER ALIA, FOREIGN AVAILABI-
LITIES OF COMPARABLE ITEMS AND SIGNIFICANCE OF SPECIFIC
ITEM TO PROJECT.

7. COMMENT: BELIEVE IT MIGHT BE HELPFUL FOR SCHNEIDER
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AND LAINGEN TO SEE SETHNA TO TRY TO CLARIFY UNION CARBIDE
SITUATION, WITH CAVEAT NOTED ABOVE THAT WE CANNOT GUARANTEE
WHAT DECISION MIGHT BE IF APPLICATION SUBMITTED. THEY
MIGHT REEMPHASIZE THAT USG POLICY HAS BEEN RESTRAINED ON
NUCLEAR ISSUE AND THAT WE ARE NOT OUT TO "PUNISH" INDIA.
CANNOT JUDGE FROM HERE HOW HELPFUL THIS WILL PROVE AND
INDEED IT SEEMS TO US AT LEAST POSSIBLE THAT SETHNA'S
PITCH WAS EFFORT TO PUT SECRETARY ON DEFENSIVE RE NUCLEAR
MATTERS. WEAK POINT IN CURRENT PLANNING POSITION IS THAT
WE CANNOT CURRENTLY PREDICT WHAT COMMISSIONERS DECISION
WOULD BE. OF COURSE, IT WOULD BE MOST UNFORTUNATE FOR
INDIANS TO GAIN IMPRESSION THAT UNION CARBIDE APPLICATION
WOULD BE APPROVED IF SUBMITTED, ONLY TO HAVE IT TURNED
DOWN. IN THAT EVENT, INDIANS MIGHT BE PRONE TO CONCLUDE
WE HAD DELIBERATELY MISLED THEM AND SURELY WOULD CON-
CLUDE WE WERE OUT TO PUNISH THEM. THEREFORE QUESTION
HAS TO BE HANDLED DELICATELY AT THIS STAGE. INGERSOLL

SECRET

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